

[For immediate release]

## Chinese IPO Indicator, Renminbi Pressure Indicator both advance

**SHANGHAI, December 19, 2006** - Xinhua Finance and Milken Institute released updated values for the Chinese Initial Public Offering and Renminbi Pressure indicators, both of which increased in line with China's robust economic growth.

The updated indicator charts can be found at  
[http://www.xinhuafinance.com/en/charts/ipo\\_rpi.html](http://www.xinhuafinance.com/en/charts/ipo_rpi.html)

The Chinese IPO Indicator for November was 198.8, an 11.2% increase from October. The performance of new securities strengthened, with the IPO market continuing its brisk ascent since the Shanghai and Shenzhen markets reopened to new listings in May. November's indicator marked a record high for the IPO Indicator. Although it was first released publicly last month, the IPO Indicator calculates monthly values back to December 1997, when the value was set to 100.

The double-digit month-over-month increase is largely due to the fast-climbing stock of the Industrial and Commercial Bank of China (ICBC), China's largest commercial lender. ICBC launched its IPO on October 27 on the Shanghai and Hong Kong stock exchanges, setting a world record for raising US\$19 billion. During November, ICBC's A share price increased by 15%, while its H share price rose 13%.

The IPO Indicator tracks the share price performance of new issues listed on the Shanghai, Shenzhen and Hong Kong stock exchanges. In November, it comprised 64 securities, up from 50 in October. However, James Barth, Senior Fellow of the Milken Institute, remarked that the new ICBC and Bank of China issuances played a dominant role within the market cap-weighted indicator. ICBC and Bank of China will remain in the indicator for 12 months before they are removed, as do all newly listed companies. The performance of those shares will heavily influence the IPO Indicator's future path.

Reflecting trends in China's currency market, the Renminbi Pressure Indicator (RPI) continued to rise in September. It edged up 0.75%, to 188.3 from 186.9, maintaining an upward trend in spite of

the renminbi's revaluation in 2005 and continued modest appreciation since then.

Glenn Yago, Director of Capital Studies at the Milken Institute, stressed, "Pressure on the currency continues to mount with the actual exchange rate still trading in a fairly narrow band. The intervention in China's foreign exchange market has been sharply reflected in the now-massive foreign exchange reserve, which recently passed the US\$1 trillion milestone. Among its many uses, the RPI gives a qualitative assessment of the role that China is playing in exporting capital to the rest of the world, and thus for mainly the United States."

The RPI indicates upward or downward pressure on the RMB:USD exchange rate, as determined by changes in three primary factors: the differentials in nominal exchange and interest rates between the U.S. and China, as well as China's foreign exchange reserves. During the month of September, China's yuan appreciated by 0.63% against the US dollar, while China accumulated an additional 1.63% in foreign exchange reserves. Interest rates remained steady.

Both the IPO Indicator and RPI are calculated monthly and released mid-month. The next releases of the IPO and Renminbi Pressure indicators will be in January, 2007.

The two indicators are part of a series of eight economic indicators designed to increase transparency and data quality in China's burgeoning financial markets. The series applies the world-class index calculation methodologies of Milken Institute, one of the world's leading economic and financial research think tanks, and the extensive data resources of Xinhua Finance, China's premier financial information and media service provider. The Xinhua Finance/ Milken Institute China Indicators are used by asset managers, underwriters, economists, and product developers in assessing China's market environment in support of investment decision-making.

To view additional information, visit [www.xinhuafinance.com/indicators](http://www.xinhuafinance.com/indicators) or [www.milkeninstitute.org/chinaindicators](http://www.milkeninstitute.org/chinaindicators).

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